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CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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25 YEAR RE-REVIEW

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1. Increased investment in agriculture was a basic concept of the "new course" in agriculture followed by the Régime since about the end of 1953. The ultimate goal of these investments was an increase in crop production, which increase was to be achieved primarily through socialistic agricultural mass production.
2. The investments were intended for socialistic types of agriculture, i.e., for state farms and Unified Agricultural Cooperatives (JZD). This was true of both direct investments, i.e., subventions to agriculture itself, and, indirect investments, i.e., planned increases in production of agricultural machinery, fertilizers, etc. Actually, as of September 1954, socialistic agricultural mass production did not function as such in Czechoslovakia, except on state farms; and the state farms, as a whole, were far from being fully developed.¹ Thus, the investments for increasing output of agricultural produce, a purely economic goal, were, from the very beginning, intended for use in changing the system of farming. In other words, they were for the purpose of developing socialistic mass production in agriculture.
3. The investments were to be used primarily for construction of farm buildings on state farms and cooperatives. To a lesser degree, the investments were to be used as working capital. Furthermore, some of the investments were motivated, a priori, by other than economic reasons. These reasons were usually political in nature, as were the organizations which would benefit from the investments. Typical examples of investments made primarily for political reasons were those to tractor and machinery pools. There is no doubt that the Unified Agricultural Cooperatives (JZD) could have made better and much more economical use of tractors than the pools working for the cooperatives; however, the pools were to continue to receive investments to be used for better equipment.

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4. In the course of several years, the investments should result in the advancement of socialistic mass production in agriculture, but the actual amount of crop yields obtained through socialistic mass production might be only slightly higher than before. It is typically true in agriculture, that profits resulting from capital investments usually are not realized until after a period of many years. Even if the goal of establishing socialistic agricultural mass production were achieved, it would not necessarily follow that crop yields would be higher than yields produced by private farmers before the Communist Régime was established; pre-Communist Czechoslovak agriculture was on a relatively high level and the soil is capable of producing only so much.
5. Investments in private farms were intended to provide working capital only. In other words, investments were intended as loans for purchasing fertilizers, brood cattle, hybrid seeds, and similar needs. No investments were to be granted for construction purposes, not even for the repair of buildings on private farms. This shortsighted outlook regarding private farm investments was in contrast to the investment policy regarding socialistic agriculture.
6. The private farmers took advantage of the loans made available to them and will continue to take advantage of this policy in order to purchase operational necessities and, consequently, increase their crop yields. Actually, larger crop yields were to be expected on private farms, not only because of the loans, but also because of the general relaxation of pressure directed against the private farmer by the Régime. Crop yields on private farms would be increased, not because the farmers believed that the policy of the Régime had been permanently improved or because they wanted to please the Régime, but because they would take advantage of the benefits and produce more in order to increase their income. In 1954, for the first time, after several years during which the government was attempting to liquidate private farms, the private farmer was given an opportunity to earn a better living. Still, the crop yields on private farms would not, except in a few rare cases, reach the level of crop yields produced prior to the Communist Régime.

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